

# Income Tax Advice

While few people enjoy completing their tax return and even fewer enjoy paying taxes, a few simple steps can make filing your taxes a less taxing experience.

First, if you haven't yet completed your 2005 tax return or a return for any previous year, that should be a top priority. On the other hand, if you filed your taxes and received a notice from the IRS you should respond as quickly as possible. Tax forms are available at [www.irs.gov](http://www.irs.gov). The Northern Law Center-SHAPE can also help you complete your tax return or respond to an IRS notice.

Second, if you received a large federal tax refund or had a large tax bill when you filed your taxes, you should adjust the amount of tax being withheld from your paycheck. The IRS provides an online withholding calculator at <http://www.irs.gov/individuals/page/0,id=14806,00.html> to help. Once you know the number of exemptions or the amount that needs to be withheld, you can change your withholdings online on MyPay.

Third, resolve now to keep better records. Good recordkeeping will reduce the amount of time you (or your tax preparer) spend completing your tax return next year. A simple method is to buy a three-ring binder and dividers. Use one divider for your bank, one for your mortgage company, another for your credit card, and so on. When you receive a statement, file it in the appropriate section and highlight and label expenses that may show up on your tax return such as child care expenses, charitable donations, and higher education expenses. Of course, you should also retain your receipts for these expenses.

Finally, keep a copy of your tax return and all related records for at least three years. If you itemize your deductions, have capital gains, or have another complicated tax situation, you should maintain records for at least 6 years. Records related to investments (e.g., stocks) and real estate should be maintained as long as you own the investment or property.

By taking these few simple steps you can reduce the time and stress associated with filing your income taxes. And remember, if you feel overwhelmed, the Northern Law Center-SHAPE Tax Center is open to assist you from late January until June every year.

**Income Tax Advice** is distributed by the Northern Law Center-SHAPE, located in Building 318 on SHAPE. Our office hours are 0900 to 1700 Monday through Friday. You may call us for an appointment at DSN 423-4868 or civilian 065/44 48 68. Visit us on the Internet at <http://www.usagbenelux.eur.army.mil/sites/installation/legal.asp> for helpful information on other legal topics.